

Policy updates for 03/06/2020

AUDIT REQUIREMENTS

Current Maine Policy:

In the event the funds awarded to the Grantee by this Agreement, when added to other federal funds received by the Grantee, fall short of the amount set as the threshold* for requiring an audit conducted in accordance with CFR II, the Grantee agrees to have a qualified, independent accounting firm conduct a program specific audit for each year of the grant in accordance with A133 and the related CFDA guidance for auditing these funds.

Background:

The Commission has an obligation to ensure federal funds awarded to AmeriCorps program sponsors are expended not only for the proposed activities but in accordance with the regulations governing documentation and expenditure of federal funds. When the Commission set the policy in 1997, the awards ranged from \$150,000 to over \$1 million. The awards at the lower end of the range were going to organizations whose federal funds did cross the threshold for triggering an A133 audit. Later, as grantees with few or no other federal funds entered the picture, the awards were large enough that an audit of the program was still reasonable.

When the Commission launched the Rural AmeriCorps grant program, this policy was not modified. Yet, the cost of a compliant audit for a \$30,000 program now runs about \$10,000, or one third of the award. That is not a reasonable requirement. At the same time, the Commission has increased its investment risk by opting to support programming in emerging or micro-organizations. The need to ensure there is no inappropriate expenditures and there is appropriate documentation is greater. The challenge is how to balance the goal of a rural grant with the obligation to ensure proper use of public funds.

This policy change seeks to set that balance across all programs and grant sizes – from the rural to the large standard grants. At the mid-level (\$200,000 to \$749,000), a “A133” audit would equate to 5% of the total award.

Proposed change:

The Grantee is required to have a qualified, independent accounting firm conduct a complete audit for each year of the grant.

If the total of all federal funds in a grantee organization reaches the threshold required* for a Single Audit as described in the Uniform Guidance, the AmeriCorps grant will be audited as part of the A133 audit process.

If the annual total of all federal funds in the grantee organization is \$200,000 to \$749,000 the grantee is required to have an audit of the AmeriCorps program using the related federal program audit standards.

If the annual grantee total of all federal funds is less than \$200,000 including the AmeriCorps grant, the AmeriCorps program must be reviewed using the related program audit standards.

Terminology:

Audit. An audit provides the highest level of assurance on an organization's financial statements. An audit provides assurance that an organization's financial statements are free of material misstatement and are fairly presented based upon the application of generally accepted accounting principles.

An audit includes confirmation with outside parties, testing selected transactions by examining supporting documents, completing physical inspections and observations, and considering and evaluating the internal control system of the organization.

Review. A review provides limited assurance on an organization's financial statements. During a review, inquiries and analytical procedures present a reasonable basis for expressing limited assurance that no material modifications to the financial statements are necessary; they are in conformity with generally accepted accounting principles. This analysis is useful when the organization needs some assurance about their financial statements, but not the higher level of assurance provided by an audit.

Compilation. A compilation provides no assurance on an organization's financial statements. The CPA takes financial data provided by the nonprofit and puts them in a financial statement format that complies with generally accepted accounting principles. There are no testing or analytical procedures performed during a compilation.

*the OMB Circular A-133 governed the audit requirement for Single Audits, and the threshold was \$500,000 – that has been superseded by the 2 CFR, Title 2, Subpart F – where the threshold is \$750,000

NSCHC REQUIREMENTS

Current Maine Policy:

Awards of National Service funds require covered positions defined in federal and CNCS administrative law have background checks that, for all positions, include a check of the no-cost National Sex Offender Public Website and criminal history check for Maine and the state the person resides in at the time s/he applies to serve. When the positions will afford the person access to a vulnerable population, a fingerprint FBI criminal history check must be done.

The Commission has permitted grantees to use the no-cost site and worked with the State Bureau of Identification to set up a cost-effective system for conducting the required criminal history checks. The instances of non-compliance uncovered during monitoring fall into two categories: NSOPW checks that were incomplete (information fed to the site by one or more states was not available); and criminal history checks that were initiated after the person started service or work on the grant.

In 2019, CNCS entered a contract with a national vendor who (for a fee) conducts the state and NSOPW checks. The value of getting the NSOPW results from the vendor is that the responsibility for ensuring all states are online when the check is done falls to the vendor. The results are 100% compliant and the fee for NSOPW only is \$7/individual.

Given the high frequency of a noncompliant finding during monitoring, the Commission staff recommend all grantees required to conduct checks for covered positions be required to use the national vendor for NSOPW only. The State of Maine system for conducting criminal history checks and

providing full rap sheets to qualified entities is working and gives each organization the information needed to apply their risk management, personnel, and program policies to the selection process.

Proposed Policy:

All National Service grantees required to conduct National Criminal History Checks for covered positions (as defined by National Service law and administrative regulation) must check the NSOPW registry through the vendor chosen by the Corporation for National and Community Service.

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